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THE question to be answered by this paper is whether or not when an American citizen goes abroad and purchases there from a manufacturer in any foreign country any article whatsoever be it wearing apparel or an automobile which is patented in this country, has such a purchaser the right to bring that article into this country and to use it in this country without paying tribute to the American patentee or his assignee.

As to small articles the question is of course unimportant, for no one would think of going to the expense of a suit over the use of a pair of shoes, a suit of clothes or the like. With large and valuable articles such as automobiles the question may be very important.

The patent laws of every country are statutory and wholly independent of each other. Those of the United States are founded upon the Constitution and Section U. S. R. S. 4884 authorized thereby, said Statute reading as follows:

“Every patent shall contain * * * a grant to the patentee, his heirs or assigns for the term of seventeen years of the exclusive right, to make, use and vend the invention or discovery throughout the United States and the territories thereof.”

This section on its face appears to give to the patentee in this country or his assignee the absolute right to control the manufacture, use or sale of his device, or any one of these elements of the value of the device, in this country, and at first sight it seems peculiar that any litigation has arisen thereon.

The leading case upon the subject is *Boesch v. Graff*.¹ In this case Graff filed a bill to recover for infringement of a patent for lamp burners. Defendant had purchased the infringing burners in Germany from one Hecht, who had begun to manufacture the devices in question before the patent was applied for and was therefore under the German Statute a person having the right to sell them there, though not a licensee under the German patents. The defendant pleaded that having the right to purchase them in Germany he had the right to resell them anywhere even in the United States in the face of the American patent. The court said:

“The exact question presented is whether a dealer residing in the United States can purchase in another country

¹ 133 U. S. 697.

articles patented there, from a person authorized to sell them, and import them to and sell them in the United States, without the license or consent of the owners of the United States patent."

In deciding the question the court said :

"The right which Hecht had to make and sell the burners in Germany is allowed him under the laws of that country, and purchasers from him could not be thereby authorized to sell the articles in the United States in defiance of the rights of patentees under a United States patent. A prior foreign patent operates under our law to limit the duration of the subsequent patent here, but that is all." (p. 703.)

In *Dickerson v. Tinling*,² the Court of Appeals of the Eighth Circuit considered a case in which Dickerson the complainant was the owner of a United States patent which he had purchased from Bayer & Company in Germany, they being the assignees of the original patentee. The appellee defendant answered that Bayer & Company was the sole owner of, and manufacturer under, German patents on the infringing goods and that Bayer & Company was the real owner of the patent in suit; that the German patents had expired; that he had purchased small quantities in Germany and resold them in the United States and that he had a right to do so because of these facts. Judge SANBORN said :

"If it were conceded that Bayer & Company is the real owner of the letters patent in suit, as alleged in the answer, it would be difficult, upon the facts disclosed by this record, to justify a sale of phenacetine in the United States by this appellee. Section 4884 of the Revised Statutes provides that 'every patent shall contain * * * a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the exclusive right to make, use and vend the invention or discovery throughout the United States, and the territories thereof.' The answer avers that the appellee bought the phenacetine he is selling in a foreign country, either from Bayer & Company, or from others who had a legal right to sell it in that country. He must have bought it, therefore, of Bayer & Company, or their vendees, or of others. If he bought it of others than Bayer & Company, or their vendees, he bought with it no right to sell it in the United States, because no one but Bayer & Company and their vendees had that right in this country. The right

² 84 Fed. 192.

to sell the patented article in the United States is not governed by the laws of Germany or England, but by the laws of this nation; and under those laws and the patent before us, Bayer & Company has the 'exclusive right to make, use and vend' phenacetine in the United States."

The Court then cites *Boesch v. Graff* with approval, and continues:

"The cases of *Adams v. Burke*, 17 Wall. 453, 456; *Hobbie v. Jennison*, 149 U. S. 355, 362, 13 Sup. Ct. 879, and *Keeeler v. Folding Bed Co.*, 157 U. S. 659, 664, 15 Sup. Ct. 738, in which it was held that one who purchases patented articles of a territorial assignee within the district of the United States assigned to him, may sell them again in the territory owned by another, do not rule the case in hand. They rest upon the principle that one who buys the patented article of a party who is legally empowered to sell it under the patent has once paid tribute to the monopoly, and has thereby acquired the right to use and sell the article he buys elsewhere within the United States. But one who purchases in a foreign country, of others than the owners of the United States patent or their vendees, pays nothing, either directly or indirectly, to the owners of the patent, and therefore he acquires no right to make, use, or vend the article which he buys within the territorial limits of their monopoly. It follows that, if the appellee bought the phenacetine he is selling of others than Bayer & Company, or its vendees, he is infringing upon the exclusive right of this patentee, and an injunction should issue.

On the other hand, if the appellee bought the phenacetine he is selling in a foreign country from Bayer & Company, or from its vendees, subject to the express condition that it should not be imported into the United States, or sold within their limits, the exclusive right to sell the patented article within the United States which was granted to Bayer & Company by the patent was not abridged by that purchase. Conceding—but not deciding—that one who buys a patented article without restriction in a foreign country from the owner of the United States patent has the right to use and vend it in this country upon the general principle that a patented article purchased from the patentee passes without the limit of the monopoly (*Holiday v. Matheson*, 24 Fed. 185; *Dickerson v. Matheson*, 6 C. C. A. 466, 57 Fed. 524, 527) there can be no doubt that a patentee has the same

right and power to sell the patented article upon conditions or with restrictions that he has to sell it at all. Bayer & Company has the right to sell its phenacetine in Germany without restriction. It had an equal right to sell it subject to the limitation that it should not be sold or used in any way that would curtail or affect the exclusive right which that corporation held under this patent to make, use and vend the phenacetine in the United States. If the corporation sold the patented article subject to such a restriction, the purchasers, with notice of this limitation, whether immediate or remote, could acquire no better right than strangers to infringe upon the monopoly secured by the patent. That monopoly would still remain intact, and purchasers of the phenacetine which had been sold under the restriction must be liable for its use and sale in the United States to the same extent as those who made it or bought it of strangers within their limits. *Dickerson v. Matheson*, 6 C. C. A., 466, 57 Fed. 524, 526, 528; *Id.*, 50 Fed. 73, 77; *Id.*, 47 Fed. 319. The record is that every package of this article sold by Bayer & Company in a foreign country was sold on the express condition that it should not be imported or sold within the United States, and that this prohibition was plainly printed upon every package. The necessary result is that, whether the appellee bought in a foreign country the phenacetine which he is now selling in the State of Colorado from Bayer & Company or its vendees, subject to this restriction, or from others without restriction, he is alike an infringer upon the exclusive right to make, use and vend the phenacetine within the United States, which was granted to this corporation by the letters patent. The order denying the motion for a temporary injunction must accordingly be reversed, and the case must be remanded to the court below, with directions to issue the injunction, and it is so ordered."

These two cases are then final authority on the proposition that a purchaser of goods of a foreign manufacture cannot bring them to this country and resell them here contrary to the rights of the American patentee. On principle and the statute it would seem that these cases should also control the question of use; later cases to the contrary notwithstanding even where there is no notice prohibiting importation into the United States.

In *Daimler Mfg. Company v. Conklin*,³ decided by Judge RAY of

³ 160 Fed. 679.

the New York United States Circuit Court in April, 1908, the following facts appear:

Maybach was the inventor of certain automobile improvements and took out United States patents and assigned them to complainant. There was a German company which apparently held German patents on the same devices though there was no evidence of a German patent; but it was evident to the court that the German company was making and selling automobiles containing the devices in question by permission of the inventor, Maybach. There was no evidence of any restriction on the right to make, use and sell machines containing these devices in Germany or France. Maybach, the inventor, was a stockholder in the complainant corporation, and also in the said German corporation, and until March 31, 1907, was a director in both corporations.

Defendant Conklin, a resident and citizen of the State of New York, being temporarily in Europe on a trip for travel and recreation, on or about the 1st of July, 1905, in good faith, and for his private and personal use in travel in Europe and elsewhere, wherever he might go, purchased of a German company through Schrader & Company, of Paris, France, a Mercedes automobile manufactured by this German company and containing the patented devices. There was no patent or license notice or restriction on the car or connected with its purchase, and he became the sole and exclusive owner of the car. Defendant had no notice or knowledge when he purchased that the automobile contained any patented device. On the completion of his European trip and on his return to the United States he brought the car with him, and has been personally using it here in going to and from his home since. This was the alleged infringement, and these the acts complained of. After defendant's return to the United States, and on his commencing to use the car in question here, demand was made upon him for the payment of \$300, as a condition of his right to use same here. He declined to pay.

The court said:

"The question presented is, therefore, does a citizen of the United States, who, being in a foreign country, there purchases for his personal use, solely, an article protected in the United States by a patent there granted to the assignee of the inventor, and which the maker and seller in the foreign country had the right from the inventor to make and sell, and which the purchaser had the right to purchase and use so long as he remained abroad, become an infringer of the United States letters patent, if on com-

ing home he brings such article with him and personally uses it here? He has not gone or sent abroad and purchased it, and imported it for use, or for sale, or for profit. He is not selling or offering for sale. In no sense is he using it for commercial purposes or profit. Patents are granted for ornaments, for articles of wearing apparel, etc. If A invents a shoe buckle, or a suspender buckle, and sells the exclusive right in the invention to B for the United States, B, taking out a patent in the United States, A, retaining in himself the exclusive right in the invention for the rest of the world, and he makes and sells it in England and other countries, and C, an Englishman, purchases in England a pair of shoes or suspenders containing the invention and wears them into the United States, does he become an infringer of the United States patent and liable to an injunction and suit for damages? And does it make any difference that such a purchaser is an American citizen temporarily abroad?"

It seems to me that under the decisions quoted above and the reasoning of the *Dickerson case* there can be but one possible answer to the question and that is that the use here must be enjoined. The court, however, found differently and its reasoning is interesting if not convincing.

The court said:

"It seems to me that B, in so purchasing the invention for the United States and taking the United States patent, does so with the understanding and limitation that A, the inventor, retains the right to make, use, and sell in the rest of the world, and that if he exercises such right the mere purchaser abroad for personal use abroad and elsewhere may personally use the article in the United States or elsewhere, confining it to his personal use and personal convenience. Should he purchase and bring to the United States for commercial purposes, or for manufacturing purposes, or for profit, such an article, it may well be the law that he is an infringer; but it seems to me that the purchaser is not compelled to discard his clothing, personal ornaments, umbrella or other articles for personal use, rightfully purchased abroad for such uses abroad, free from any patent right in the country where made and sold, on returning home. It is true that the patent for the United States grants the patentee the exclusive right to

make, use, and sell in the United States and its territories, but it is also true that the inventor, in the case stated, retains the right to make, use, and sell in the rest of the world. If a citizen of the United States purchases here for personal use an automobile containing the patented devices, cannot he take it to Europe, and, without infringing an English patent to the same inventor of the device, personally use it there? So of the other articles purchased for personal use and convenience. I think this case is covered in principle by the following cases: *Adams v. Burke*, 17 Wall. (U. S.) 453, 21 L. Ed. 700; *Hobbie v. Jennison*, 149 U. S. 355, 13 Sup. Ct. 879, 37 L. Ed. 766; *Boesch v. Graff*, 133 U. S. 697, 702, 703, 10 Sup. Ct. 378, 33 L. Ed. 787; *Birdsell v. Shaliol*, 112 U. S. 485, 487, 488, 5 Sup. Ct. 244, 28 L. Ed. 768; *Wade v. Metcalf*, 129 U. S. 202, 9 Sup. Ct. 271, 32 L. Ed. 661; *Dickerson v. Matheson*, 57 Fed. 524, 527, 6 C. C. A. 466; *Paper Bag Machine Cases*, 105 U. S. 766, 770, 771, 26 L. Ed. 959.

"It is evident that, the inventor having taken part in making and selling the Mercedes machine in question, there being no evidence of a prior German or French patent, same was freed from any claim the inventor could make. It would seem equally clear that, inasmuch as the inventor and German company had a clear right to make and sell the machines in Germany and France, the purchaser became the absolute owner and entitled to use same anywhere, unless the prior issue of the United States patent to the complainant company as assignee of the inventor acts to prohibit such purchaser and owner from bringing his machine into the United States, and using it here. (Citing here *Adams v. Burke* and others at length). * * * * *

"When the inventor, Maybach, acting within his reserved rights, made these machines in Germany and France and sold them there, it is presumed he added such sum as would compensate him for the use of his invention by the purchaser and user of a particular machine. Such purchaser and user has paid his tribute, if exacted, to the invention, to one who had the right to exact and demand it. The purchaser of the invention and patentee for the United States understood this, and that it would be done. It seems to me clear that, within the decided cases, the complainants have failed to show infringement by defendant."

Answering the foregoing, I call attention to the following points: Suits are brought every day to restrain the *use* of infringing devices and there is not the slightest doubt about the right of the complainant to the writ of injunction, in a case where use is the only infringement alleged or proved.⁴

If the right to an injunction against use only of an infringing device exists at all it must exist for the use of one as well as of a million; for the use of a small as well as for a large machine and it must exist for any use whether for money profit or for mere convenience as for instance clothing. Again if "personal use" is to be the limitation of articles included; is it to stop with clothing, or household articles or automobiles, or machines for a man's private factory; or works of art protected by design patents or where?

The fact that the patentee Maybach was a stockholder in both corporations is immaterial—corporations are distinct entities and there were doubtless other stockholders in each company not common to the other. Maybach's interest may have been one share in one company and 100,000 shares in the other; from all of which it seems clear that in view of *Boesch v. Graff* and *Dickerson v. Tinsling* this case will probably be reversed on appeal. Until then it must stand as the only decision on the specific question.

CONCLUSION

From the foregoing cases it therefore appears that if a traveler abroad purchases articles patented here and brings them with him he may not sell them here at all; he may not use them at all if they were not purchased from one obtaining title from the original patentee or from one in whose profit the patentee shares. He may not use them if they were stamped with a notice prohibiting importation into the United States and under the best authority he may not use them at all though under the New York case he may use the articles if he purchased them of a company in which the patentee was a stockholder as well as a stockholder in the American company.

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⁴ Among such cases are: *Elizabeth v. Pavement Co.*, 97 U. S. 137; *Tillman v. Proctor*, 125 U. S. 143.